Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

CONFIDENTIAL

PAGE 01 BERN 04242 121435Z

44
ACTION EUR-25

INFO OCT-01 IO-15 ISO-00 L-03 H-03 SPC-03 DRC-01 RSC-01

/052 W
---------- 087168
R 121319Z OCT 73
FM AMEMBASSY BERN
TO SECSTATE WASHDC 8290
INFO USMISSION GENEVA

C O N F I D E N T I A L BERN 4242

E.O. 11652: GDS
TAGS: OFED, SZ
SUBJECT: STOLEN SECURITIES: VISIT TO BERN OF CHIEF INVESTIGATOR,
SENATE PERMANENT SUBCOMMITTEE ON INVESTIAGIONS

REF: STATE 200165 AND 198910

SUMMARY. ON OCTOBER 11 PHILIP MANUEL, CHIEF INVESTIGATOR, SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, ACCOMPANIED BY DCM AND ECONCOUNS, MET WITH CURT MARKEES, SWISS DEPARTMENT OF JUSTICE AND POLICE, TO DISCUSS ZELMANOWITZ CASE. MEETING WAS CORDIAL AND MUTUALLY INFORMATIVE, BUT INCONCLUSIVE IN SEVERAL RESPECTS. END SUMMARY.

1. MARKEES SAID THAT FOLLOWING JULY SESSION IN WASHINGTON BETWEEN ZELMANOWITZ AND SWISS EMBASSY OFFICIALS AND SUBSEQUENT SEPARATE CONTACTS BETWEEN MANUEL AND SWISS EMBASSY, DEPARTMENT OF JUSTICE AND POLICE HAS BEEN CONSIDERING "PROPOSAL" THAT ZELMANOWITZ BRING DOCUMENTS CONCERNING STOLEN SECURITIES FOR PRESENTATION TO AND DISCUSSION WITH GOS AUTHORITIES IN SWITZERLAND AND SUBSEQUENT ACTION BY CANTONAL AUTHORITIES. MATTER IS CURRENTLY BEFORE FEDERAL COUNCILOR FURGLER, HEAD OF DEPARTMENT, BUT NO DECISION HAS BEEN REACHED. MARKEES NOTED THAT SENSITIVE INTERNAL POLITICAL ASPECTS WERE INVOLVED AS WELL AS POSSIBLE DIFFICULTIES IN PROVING ZELMANOWITZ ACCUSATIONS RE FRAUD AND DIVERSION OF PROFITS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BERN 04242 121435Z

BY SWISS BANKS AND OTHER ENTERPRISES. MARKEES EMPHASIZED

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

THAT SWISS FEDERAL AUTHORITIES CANNOT GRANT IMMUNITY FROM PROSECUTION BUT MIGHT BE ABLE OFFER "SAFE CONDUCT" TO PERMIT ONE-TIME TRAVEL TO SWITZERLAND FOR SPECIFIC PURPOSE. CANTONAL AUTHORITIES COULD STILL ISSUE ARREST WARRANT FOR ZELMANOWITZ BUT MARKEES THOUGHT PROBABILITY OF ZELMANOWITZ ARREST WAS MINIMAL, PARTICULARLY IF HE TRAVELED UNDER HIS NEW IDENTITY.

2. MARKEES LEARNED WITH SURPRISE THAT ZELMANOWITZ HAD, IN FACT, BEEN IN SWITZERLAND DURING LAST FEW DAYS AND WAS RELIEVED TO HEAR THAT HE HAD DEPARTED FOR US MORNING OF OCTOBER 11. PURPOSE OF VISIT BY ZELMANOWITZ AND HIS US ATTORNEY, NEIL BLOOMFIELD, WAS TO PROVIDE DOCUMENTS AND CONSULT WITH SWISS ATTORNEY, DANIEL GUGGENHEIM, ON PREPARATIONS FOR CIVIL AND CRIMINAL SUITS AGAINST INTERBOURSE OF LAUSANNE AND TWO OTHER BANKS IN BASEL AND GENEVA ALLEGING FRAUD RE DEIVERSION OF FUNDS IN CONNECTION ZELMANOWITZ SECURITIES ARBITRAGE TRANSACTIONS. MANUEL TOLD MARKEES THAT ZELMANOWITZ AND HIS ATTORNEYS HAD VISITED ALL THREE BANKS OCTOBER 10 AND THAT GUGGEN-HEIM WAS PRESENTLY PREPARING PAPERS FOR TRANSMISSION TO THREE CANTONAL AUTHORITIES.

3. COMMENT: MANUEL HANDLED HIMSELF WELL WITH MARKEES AND IS OBVIOUSLY SENSITIVE TO PROBLEM OF CARRYING OUT INVESTIGATIVE ACTIONS IN SWITZERLAND. HE WILL CONSULT OCTOBER 12 WITH GUGGENHEIM IN GENEVA BUT DOES NOT PLAN TO SEE GENEVA CANTONAL OR POLICE AUTHORITIES.

4. ZELMANOWITZ DECISION TO BRING SUIT IN SWITZERLAND WILL TEND FORCE ACCELERATED GOS CONSIDERATION OF ADVIS-ABILITY OF RECEIVING ZELANOWITZ AND HIS DOCUMENTS. WE BELIEVE MARKEES IS IMPRESSED WITH MAGNITUDE OF APPARENT FRAUD AND PERSONALLY WOULD LIKE FEDERAL AUTHORITIES TO BECOME INVOLVED BUT ALSO RECOGNIZES THAT DOMESTIC POLITICAL CONSIDERATIONS, INCLUDING CONNECTION WITH JUDICIAL ASSISTANCE TREATY RATIFICATION, MUST ALSO BE TAKEN INTO ACCOUNT. WE ANTICIPATE THAT HE WILL PROBABLY CONSULT IN NEAR FUTURE WITH GUGGENHEIM. MARKEES WAS OBVOUSLY TAKEN BY SURPRISE BY ZELMANOWITZ DECISION BRING CONFIDENTIAL

CONFIDENTIAL

SUIT IN SWITZERLAND AND BY HIS BOLDNESS IN COMING PERSONALLY TO SWITZERLAND. HE ALSO CLEARLY HAD NOT EXPECTED MANUEL TO VISIT SWITZERLAND UNTIL AFTER GOS HAD DECIDED WHETHER FEDERAL AUTHORITIES SHOULD RECEIVE ZELMANOWITZ AND HIS DOCUMENTS IN BERN. ANOTHER FACTOR WHICH SHOULD PROMPT EARLY GOS DECISIONS IS RECOGNITION THAT ZELMANOWITZ WILL PROBABLY TESTIFY BEFORE SENATE SUBCOMMITTEE AGAIN THIS FALL AND IN GREATER DETAIL THAN DURING HIS JULY 13

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

APPEARANCE.
DAVIS

CONFIDENTIAL

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BERN04242
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS DAVIS
Errors: N/A
Film Number: n/a
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731036/aaaabanx.tel
Line Count: 117
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 200165 AND 198910
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 05 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <01-Oct-2001 by eisnerah, PRIVACY>; RELEASED <05-Dec-2001 by golinofr>; APPROVED <05-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STOLEN SECURITIES: VISIT TO BERN OF CHIEF INVESTIGATOR, SENATE PERMANENT SUBCOMMITTEE ON INVESTIAGIONS
TAGS: EFIN, SZ
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005